

**Fawry for Banking Technology and Electronic  
Payments (S.A.E.)  
Separate Financial Statements  
Together with Auditor's Report  
For The Year Ended December 31, 2020**

**Translation of Auditor's Report Originally  
Issued in Arabic**

**Independent Auditor's Report**

To: The Shareholders of Fawry for Banking Technology and Electronic Payments S.A.E.

**Report on the Separate Financial Statements**

We have audited the accompanying separate financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the separate statement of financial position as of December 31, 2020 and the related separate statements of profit or loss, comprehensive income, changes in equity and separate cash flows statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Separate Financial Statements**

These separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Egyptian Accounting Standards and in the light of the relevant Egyptian laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these separate financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these separate financial statements.

## Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Fawry for Banking Technology and Electronic Payments S.A.E. as of December 31, 2020 and of its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and related Egyptian laws and regulations.

## Report for Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which includes all that is required by the law and the status of the Company, and the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' Report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto, and is in agreement with the Company's books of accounts.

Cairo, 29<sup>th</sup> of March 2021



Kamel Magdy Saleh, FCA  
F.E.S.A.A. (R.A.A. 8510)  
EFSA Register No. "69"



Translation of financial statement

Originally Issued in Arabic

**Fawry for Banking and Payment Technology Services S.A.E.**  
**Separate statement of financial position**  
**as of December 31, 2020**

	Note No.	December 31, 2020	December 31, 2019
		EGP	EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets (net)	(6)	251 996 210	234 842 185
Intangible assets (net)	(7)	183 554 066	139 018 824
Projects under construction	(8)	11 889 489	8 092 539
Investments in subsidiaries	(9)	99 161 433	63 947 766
Investments in associates	(10)	35 423 230	28 122 260
Investments in joint ventures	(11)	2 250 000	2 250 000
Loans to related parties - Long term	(15)	190 190 531	--
<b>Total non-current assets</b>		<b>774 464 959</b>	<b>476 273 574</b>
<b>Current assets</b>			
Inventories		103 264	109 339
Accounts and notes receivable	(12)	32 824 027	22 531 916
Debtors and other debit balances	(13)	62 381 449	38 894 180
Advances to billers		385 426 890	202 366 328
Due from related parties	(31.14)	12 425 523	126 645 181
Loans to related parties	(15)	37 602 912	27 816 579
Treasury bills	(16)	551 749 245	216 282 572
Cash and cash at banks	(17)	616 985 307	428 045 205
<b>Total current assets</b>		<b>1 699 498 617</b>	<b>1 062 691 300</b>
<b>Total assets</b>		<b>2 473 963 576</b>	<b>1 538 964 874</b>
<b>Equity</b>			
Issued and paid-up capital	(18)	353 652 060	353 652 060
Legal reserve	(19)	37 799 312	32 465 079
Retained amount from retained earnings for capital increase	(39)	100 000 000	--
Retained earnings		112 141 716	120 391 285
Net profit for the year		186 594 594	106 684 666
<b>Total equity</b>		<b>790 187 682</b>	<b>613 193 090</b>
<b>Non-Current liabilities</b>			
Deferred tax liabilities	(33)	10 174 641	8 083 379
<b>Total non current liabilities</b>		<b>10 174 641</b>	<b>8 083 379</b>
<b>Current liabilities</b>			
Bank credit facilities	(20)	222 983 552	--
Provisions	(21)	20 502 142	18 462 142
Accounts and notes payable	(22)	28 775 362	16 812 422
Accounts payable - Billers	(23)	770 253 418	437 368 051
Merchant advances		353 441 286	218 095 480
Retailers' POS security deposits		38 982 500	23 116 484
Creditors and other credit balances	(24)	108 553 154	84 389 933
Due to a related parties	(31.25)	94 235 697	94 357 953
Current income tax		35 874 142	25 085 941
<b>Total current liabilities</b>		<b>1 673 601 253</b>	<b>917 688 406</b>
<b>Total equity and liabilities</b>		<b>2 473 963 576</b>	<b>1 538 964 874</b>

The accompanying notes form an integral part of these separate financial statements and to be read therewith.

Chief Financial Officer  
AbdelMaguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coutry

Auditor's report attached.

**Fawry for Banking and Payment Technology Services S.A.E.****Separate Statement of Profit or Loss  
for the year ended December 31, 2020**

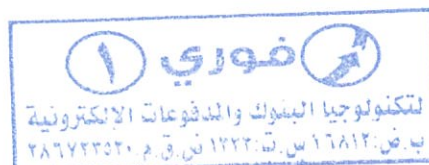
	Note No.	December 31, 2020	December 31, 2019
		EGP	EGP
Operating revenues	(27)	906 367 666	693 038 232
Operating costs	(34,28)	(396 246 147)	(315 170 290)
<b>Gross margin</b>		<b>510 121 519</b>	<b>377 867 943</b>
<b>Add (Less):</b>			
General and administrative expenses	(34)	(191 961 101)	(166 185 726)
BOD compensation expenses		( 961 744)	( 510 000)
Selling and marketing expenses	(34)	(192 531 758)	(123 043 542)
Medical contribution in the fund of Health insurance		(2 528 916)	(1 904 885)
Formed provisions	(21)	(2 040 000)	(1 800 000)
Net gain on incentives for the deployment of POSs under the CBE's initiative	(47)	19 632 552	--
Gain on disposal of fixed assets	(6)	4 656 402	5 932 475
Other revenues		3 457 871	2 765 967
<b>Operating profit</b>		<b>147 844 825</b>	<b>93 122 232</b>
Credit interest	(31)	77 445 951	53 473 808
Finance costs	(29)	(15 657 586)	(13 309 097)
Dividends from investments in subsidiaries		26 271 605	6 743 761
Other Expenses		--	(3 626 981)
Foreign currency exchange losses		6 296	(2 330 653)
<b>Profit for the year before tax</b>		<b>235 911 091</b>	<b>134 073 070</b>
Current income tax		(47 225 235)	(25 085 941)
Deferred income tax	(33)	(2 091 262)	(2 302 463)
<b>Net profit for the year after tax</b>		<b>186 594 594</b>	<b>106 684 666</b>
<b>Earnings per share</b>	(35)	<b>0.24</b>	<b>0.14</b>

The accompanying notes form an integral part of these separate financial statements and to be read therewith.

M.A. Chief Financial Officer  
AbdelMaguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coutry





Translation of financial statement

Originally Issued in Arabic

**Fawry for Banking and Payment Technology Services S.A.E.**

**Separate statement of comprehensive income**

**for the year ended December 31, 2020**

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>Net profit for the year</b>	<b>186 594 594</b>	<b>106 684 666</b>
<b>Other comprehensive income</b>	<b>--</b>	<b>--</b>
<b>Total other comprehensive income</b>	<b>--</b>	<b>--</b>
<b>Total comprehensive income for the year</b>	<b>186 594 594</b>	<b>106 684 666</b>

The accompanying notes form an integral part of these separate financial statements and to be read therewith.

M.A

Chief Financial Officer  
AbdelMaguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coutry



**Fawry for Banking and Payment Technology Services S.A.E.**  
**Separate statement of changes in equity**  
**for the year ended December 31, 2020**

Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Retained amount from retained earnings for capital increase	Net profit for the year	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2019	353 652 060	28 905 446	54 155 406	--	71 192 665	507 905 577
The impact of early implementation of EAS 49	--	--	14 463 845	--	--	14 463 845
Items of comprehensive income						
Net profit for the year	--	--	--	--	106 684 666	106 684 666
Total comprehensive income for the year	--	--	--	--	106 684 666	106 684 666
Transactions with company's owners						
Dividends distributions	--	--	(15 860 998)	--	--	(15 860 998)
Transferred to retained earnings and legal reserve	--	3 559 633	67 633 032	--	(71 192 665)	--
Total transactions with the company's owners	--	3 559 633	51 772 034	--	(71 192 665)	(15 860 998)
Balance as of December 31, 2019	353 652 060	32 465 079	120 391 285	--	106 684 666	613 193 090
Balance as of January 1, 2020	353 652 060	32 465 079	120 391 285	--	106 684 666	613 193 090
Items of comprehensive income						
Net profit for the year	--	--	--	--	186 594 594	186 594 594
Total comprehensive income for the period	--	--	--	197 022 998	186 594 594	186 594 594
Transactions with company's owners						
Dividends distributions	--	--	(9 600 000)	--	--	(9 600 000)
Transfer amount from retained earnings to capital increase	--	--	--	100 000 000	(100 000 000)	--
Transferred to retained earnings and legal reserve	--	5 334 233	1 350 431	--	(6 684 666)	--
Total transactions with the company's owners	--	5 334 233	(8 249 569)	100 000 000	(106 684 666)	(9 600 000)
Balance as of December 31, 2020	353 652 060	37 799 312	112 141 716	100 000 000	186 594 594	790 187 682

The accompanying notes form an integral part of these separate financial statements and to be read therewith.

Chief Financial Officer  
M.A AbdelMaguid Afiff

Chief Executive Officer  
Ashraf Sabry

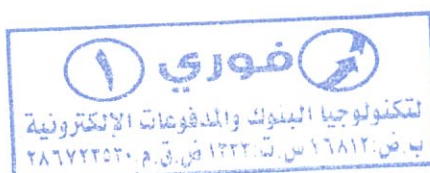
Chairman  
Saifullah Country

## Fawry for Banking and Payment Technology Services S.A.E.

Separate statement of cash flows  
for the year ended December 31, 2020

	Note	For the year ended December 31, 2020 EGP	For the year ended December 31, 2019 EGP
<b>Cash flows from operating activities:</b>			
Net profit for the year before tax		235 911 091	134 073 070
<b>Adjusted by:</b>			
Depreciation and amortization during the year	(30)	90 183 470	67 011 270
Formed provisions	(21)	2 040 000	1 800 000
Unrealized foreign currency exchange loss.		(6 296)	2 330 653
Gain on sale of fixed assets		(4 656 402)	(5 932 475)
Used provisions		-	(5 163 434)
Credit interest		(77 445 951)	(53 473 808)
Finance costs		15 657 586	13 309 097
<b>Operating gain before change in working capital</b>		<b>261 683 498</b>	<b>153 954 373</b>
<b>Changes in working capital</b>			
Decrease in inventory		6 075	61 502
(Increase) in accounts and notes receivable	(12)	(10 292 111)	(3 938 048)
(Increase) in debtors and other debit balances		(23 487 269)	(2 907 701)
(Increase) in advances to billers		183 060 562	(77 012 793)
(Increase)/Decrease in due from related parties		(114 219 658)	(116 598 216)
(Increase) in Loans to related parties		(199 976 864)	(13 201 167)
Increase / (Decrease) in accounts and notes payable		11 962 940	(2 829 568)
Increase in accounts payable- billers		332 885 367	70 360 108
Increase in merchants prepaid balances		135 345 806	87 597 142
Increase in retailer's POS security deposits		15 866 016	4 547 484
Increase / (decrease) in creditors and other credit balances		24 163 221	563 281
Increase in due to related parties		(122 256)	23 963 459
Net gain on incentives for the deployment of POSs under the CBE's initiative	(41)	19 632 552	-
		<b>636 507 878</b>	<b>124 559 856</b>
Income tax paid		(13 850 452)	(21 609 427)
Proceeds from credit interest		60 728 932	53 473 808
<b>Net cash provided from operating activities</b>		<b>683 386 358</b>	<b>156 424 237</b>
<b>Cash flows from investing activities</b>			
(Payments) to acquire fixed assets		(126 863 738)	(97 669 773)
(Payments) for projects under construction		(3 796 950)	(1 833 032)
(Payments) to acquire intangible assets		(66 338 205)	(57 256 402)
Proceeds from the sale of fixed assets		45 985 607	6 736 540
Net movement of treasury bills - more than three months		(660 871 059)	71 470 627
Payments to acquire investment in subsidiaries		(35 213 667)	(12 599 991)
Payments to acquire investment in associates and joint ventures		(7 300 970)	--
<b>Net cash provide from (used in) investing activities</b>		<b>(854 398 982)</b>	<b>(91 152 031)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(9 600 000)	(15 860 998)
Proceeds from bank facilities		222 983 552	--
Payments of finance expense		(15 657 586)	(13 309 097)
<b>Net cash (used in) financing activities</b>		<b>197 725 966</b>	<b>(29 170 095)</b>
Net change in cash and cash equivalents during the year		26 713 344	36 102 112
Cash and cash equivalents at beginning of the year		590 265 668	556 494 210
Changing currency difference for cash and cash equivalent		6 296	(2 330 653)
<b>Cash and cash equivalents at end of the year</b>	(17)	<b>616 985 307</b>	<b>590 265 668</b>

The accompanying notes form an integral part of these separate financial

Chief Financial Officer  
AbdelMaguid AfifiChief Executive Officer  
Ashraf SabryChairman  
Saifullah Coutry



**Fawry for Banking and Payment Technology Services S.A.E.**

**Notes to the Separate Financial Statements**

**For the Year Ended December 31, 2020**

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**1. General information**

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in March 2011. The company reregistered at the commercial register under the No. 1333 on July 19, 2018.

The purpose of the company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The separate financial statements of the company were approved in the board of directors meeting dated March 29, 2021.

**2. Statement of compliance**

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards, and applicable laws and regulations. The Egyptian Accounting Standards require reference to the International Financial Reporting Standards "IFRS" for events and transactions that have not been covered by the Egyptian Accounting Standards or legal requirements describing their treatments.

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 7 April 2019.

On 20 September 2020, Prime Minister Decision No. 1871 of 2020 postponed the implementation of the following new Egyptian Accounting Standards: Standard (47) - Financial Instruments, Standard (48) - Revenue from Contracts with Clients and Standard (49) - Leasing Contracts, effective date of application will be for the financial years starting from January 1, 2021

The most prominent amendments are as follows:

Fawry for Banking and Payment Technology Services S.A.E.  
Notes to the Separate Financial Statements  
For the Year Ended December 31, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and Intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4-based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> <li>-Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.</li> <li>-Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</li> </ul>	<p>This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47)</p>

Fawry for Banking and Payment Technology Services S.A.E.

Notes to the Separate Financial Statements

For the Year Ended December 31, 2020

	<ul style="list-style-type: none"> <li>-Egyptian Accounting Standard No. (25)                             <ul style="list-style-type: none"> <li>- "Financial Instruments: Presentation.</li> </ul> </li> <li>-Egyptian Accounting Standard No. (26)                             <ul style="list-style-type: none"> <li>- "Financial Instruments: Recognition and Measurement".</li> </ul> </li> <li>- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</li> </ul>	
The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"	<ol style="list-style-type: none"> <li>1-The new Egyptian Accounting Standard No.(48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:                             <ol style="list-style-type: none"> <li>a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</li> <li>b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</li> </ol> </li> <li>2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.</li> <li>3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</li> <li>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</li> <li>5- Expanding in the presentation and disclosure requirements</li> </ol>	Standard No (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<ol style="list-style-type: none"> <li>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20),"Accounting Rules and Standards related to Financial Leasing" issued in 2015.</li> <li>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts.</li> </ol>	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard

Fawry for Banking and Payment Technology Services S.A.E.

Notes to the Separate Financial Statements

For the Year Ended December 31, 2020

	<p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis</p>	<p>No. 20,"Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued.</p> <p>According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30 / 9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.</p>
The new Egyptian accounting standard No. (22) Earning per share	The scope of the standard has been modified to make it binding on the separate, consolidated or single financial statements issued for all entities.	This amendment has been applied to financial periods beginning on or after January 1, 2019.
The adjusted Egyptian accounting standard No. (4) Cash flow statement	The entity is required to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash or non-cash flows.	This amendment has been applied to financial periods beginning on or after January 1, 2019.



### **3. Basis of preparation of the separate financial statements**

The separate financial statements are presented in Egyptian Pound (EGP), which is the functional and presentation currency of the Company.

The financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations on the historical cost basis except for the financial assets and liabilities measured at fair value, or at amortized cost, or cost according to the relative accounting standards.

The preparation of separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Investments in subsidiaries were presented in the attached separate financial statements on the basis of cost (excluding impairment, if any) which represents the company's direct equity interest not on the basis of the reported results and net assets of the investees.

The consolidated financial position, reported results and consolidated cash flows of the company and its subsidiary companies.

Actual results may differ from these estimates. The critical accounting judgments and key sources of estimation uncertainty. (Note #4).

### **4. Critical accounting judgments and key sources of uncertain estimations**

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates therefore, these estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods (prospectively) if the revision affects both current and future periods.

### **5. Significant accounting policies**

The principal accounting policies used in preparing the separate financial statements are set out below:

#### **A. Investments in a subsidiaries**

A subsidiary company is an entity including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent). Control is achieved when the Group has the right into variable returns through its contribution in the investee when exposed or entitled to variable returns and have the ability to effect that returns through its power on investee, the company control the investee when the company has the following:

- Has power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee.
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- The size of the Company's voting rights relative to the size and dispersion of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

#### **B. Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the Investee.

Investments in associates in the separate financial statement are carried at cost. However, for those investments which are categorized as held for sale, they are carried at book value or fair value less any transactions costs that are directly attributable to selling these investments, whichever is less. The company does not account for investments in associates using the equity method in the attached separate financial statements as required by paragraph (17) from Egyptian Accounting Standard (18)

If objective evidence arises which cast doubt that there is an impairment in the value of investments in associates at the financial position date, the carrying amount of the investment is reduced to its recoverable amount, and the loss is immediately recognized in the statement of profit or loss.

#### **C. Investments in Joint ventures**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Investments in joint ventures in the separate financial statement are carried at cost. However, for those investments which are categorized as held for sale, they are carried at book value or fair value less any transactions costs that are directly attributable to selling these investments, whichever is less. If objective evidence arises which cast doubt that there is an impairment in the value of investments in Joint Venture at the financial position date, the carrying amount of the investment is reduced to its recoverable amount, and the loss is immediately recognized in the statement of profit or loss.

**D. Foreign currencies**

The Egyptian pound has been designated as the company's functional currency. Transactions denominated in foreign currencies are translated to the Egyptian pound using the effective exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-valued at the end of each reporting period using exchange rates prevailing on that date.

The non-monetary items denominated in foreign currencies and measured at fair value, are translated at the exchange rates ruling at the date the fair value was determined. As for non-monetary items in other currencies which are measured at historical cost, they are not retranslated.

The gains and losses resulting from the translation differences are recognized in the statement of profit or loss in the period in which they arise except for the differences resulting from the translation of non-monetary assets and liabilities denominated at fair value, as their related translation differences are included in the changes in the fair value.

**E. Fixed assets and depreciation**

Fixed assets are stated in the separate financial position at historical cost, less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less impairment. Cost of fixed assets includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the assets carrying amount or recognized separately - as appropriate - only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the separate statement of profit or loss.

The depreciation of these assets starts when they are ready for their intended use according to the same basis of depreciation applied with other fixed assets.

Depreciation is charged so as to write-off the cost of assets using the straight-line method, over their estimated useful lives, represented as follows:

<u>Assets description</u>	<u>Years</u>
Building	40
Networks and servers	4
Point of sales machines	1 - 4
Computers and servers	2 - 4
Furniture and office equipment	4 - 5
Leasehold improvement *	3 - 5
Vehicles	5
Tools and equipment Super Fawry	3
Fawry Branches	3

\* The useful lives are determined based on lesser of the remaining rent contract or the useful life of the asset.

**F. Intangible assets**

Intangible assets are stated in the financial position at historical cost, less accumulated amortization and accumulated impairment. Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and amortization method are reviewed at each year-end, taking into consideration the effect of any changes in useful lives estimate accounted for on a prospective basis.

**Programs' licenses**

Programs' licenses are stated at historical cost, less accumulated depreciation. Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, which is usually 10 years.

**Programs**

Computer software programs are capitalized on the basis of the acquisition and utilization cost. These costs are amortized on straight-line basis over their estimated useful lives, which is usually between 4-10 years.

**G. Revenues recognition and measurement**

**Applications sales revenues**

Revenue is measured at the fair value of the consideration received or receivable for the entity. Revenues recognized from the sold applications are recognized in the separate statement of profit or loss when the risks and rewards associated with the application are transferred to the buyer, and when there is a strong probability that the economic benefits and costs incurred or to be incurred in respect of the transaction can be measured reliably and when the entity does not retain any continuing managerial involvement right to the degree usually associated with ownership, and when the amount of revenue can be measured reliably.

**Services**

The revenue of rendered services is recognized as follows:

**Transactions sales revenues**

Revenues are recognized on accrual basis when the collection / settlement related to different streams of services is completed (balance recharge, bill payments, cash collections, etc.).

**Subscription revenues**

Subscription revenues are recognized in the separate statement of profit or loss on accrual basis.

**Interest revenues**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable until maturity.

**Investment revenues**

Dividends income from investments is recognized when the shareholder's right to receive these dividends is issued.



**H. Operational costs**

Operational costs include cash collection costs paid to multiple payment channels through which payments were made, including (merchants, banks, Egyptian Post Office, and several other authorities) and this is in accordance with executed contracts with each party separately. Operational costs also include the cost of applications sold, and the consumables of materials.

Operational costs are charged by the transaction's share of direct depreciation and amortization in accordance to transaction share basis compared to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to depreciation and amortization as part of general and administrative expenses.

**I. Inventories**

The inventories are evaluated at the date of the financial statements at cost or net realizable value whichever is less. The cost is represented in the purchase invoices, however, the realizable value is represented in the estimated selling value less selling and distribution costs.

**J. Taxation**

Deferred tax assets and liabilities are recognized on temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their carrying amounts per the accounting principles used in the preparation of the separate financial statements. Income tax expense for the year is the sum of current income tax and deferred tax.

Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted as of the separate financial statements date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted at the separate financial statements date.

Deferred tax is recognized as an expense or revenue in the separate statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the separate statement of profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

These assets and liabilities are not recognized if the temporary difference results from goodwill or from the initial recognition of other assets and liabilities (other than those arising from business combinations) due to a transaction that did not have any effect on the taxable or accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are accounted for using the financial position liability method and are reported in the financial position as non-current assets and liabilities.

**K. Legal reserve**

In accordance with law No. 159 for 1981 and the article of incorporation of the company, at least 5% should be retained and transferred from the net profit of the previous year to the legal reserve until the reserve reaches 50% of the issued capital. The Company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage

**L. Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, cash at banks, treasury bills with maturities less than three months and short-term demand deposits that are readily convertible to known amounts of cash.

**M. Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the separate financial position date. When the effect of the time value of money is material, the amount of a provision shall be the present value of expected expenditures, required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the separate statement of profit or loss.

**N. The separated cash flows statement**

The separate cash flows statement was prepared using the indirect method. For preparing the separate cash flows statement, cash and cash equivalents are comprised of cash on hand, current accounts, deposits at banks, and treasury bills with maturity less than 90 days.

**O. Short-term employee benefits**

Short term employee benefits represent wages and salaries and social insurance contributions and paid annual leaves and bonuses (if they are accrued within 12 months of the end of the period) and non-cash benefits such as medical insurance for current employees.

**P. Impairment of assets**

**Impairment of financial assets**

- At each reporting period, the company reviews the carrying values of the recorded financial assets carried at cost or amortized cost to determine whether there is any indication that the values of these assets may be impaired. In case of evidences of impairment, the loss is recognized immediately and charged to the statement of profit or loss, such loss is determined by the difference between the carrying amount of the asset and the current value of future cash flows discounted using the effective interest rate.
- If it is proven during the subsequent periods, that the previously recognized impairment loss related to the financial assets, was reduced and the impairment can be associated objectively to an event which occurred after the recognition of the impairment loss, then the previously recognized impairment loss or a portion of it, is recharged to the statement of profit or loss.

**Impairment of non-financial assets**

- The company assesses at each financial position date whether there is any indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

**Q. Financial instruments**

**Financial assets**

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: investment in treasury bills, cash at banks, due from related parties, loans to related parties, and certain items within other debit balances. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

**Financial assets available for sale**

Financial assets available for sale are initially recognized at cost and it includes the fees and commissions paid to agents, consultants, brokers, and traders, and taxes which are imposed by regulatory bodies and stock exchanges, and taxes and fees which are paid to transfer the title of the investment. The following investments are subsequently measured at fair value at the date of the financial statements and the profits or losses resulting from the changes in fair value are treated directly in equity till the de-recognition of the investment from the company's books, and then the profits or losses which have been previously recognized in equity are recognized immediately in the statement of profit or loss.

If there is objective evidence that the value of the financial assets available for sale is impaired at the date of the financial statements, the accumulated losses which have been previously recognized are reclassified from equity and are immediately recognized in the statement of profit or loss even if these investments have not been derecognized from the books.

Cost is used to measure financial investments in equity classified as financial assets available for sale in the case that these assets are not listed in the stock market and it has no price in an active market and its fair value cannot be determined reliably.

**Fawry for Banking and Payment Technology Services S.A.E.**

**Notes to the Separate Financial Statements**

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**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Financial derivatives**

Derivatives (including separable embedded derivatives) are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the statement of profit or loss.

Embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

**Financial liabilities and equity instruments issued by the Company**

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or net value of the transferred assets, net of direct issue costs.

**Financial liabilities**

Financial liabilities are classified into the following specified categories: accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.



The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### **R. Finance lease**

In March 2019, the Egyptian Standard No. (49) "Leasing Contracts" was issued to replace the Egyptian Standard No. (20) "Accounting rules and standards related to financial leasing operations" and the issuance of Law No. 176 of 2018 to regulate the financial leasing and factoring activity during August 2018 to replace Law No. 95 of 1995. Therefore, the group must apply the new Egyptian Standard No. (49) at the beginning of 2019 to contracts subject to the provisions of Law 95 of 1992 that were previously dealt with according to Egyptian Accounting Standard No. (20) according to the instructions mentioned in the periodic book No. 171. For the year 2019 issued on August 4, 2019, the companies Laguerre Lease and tenants under leasing contracts of non-bank financial firms and companies have restricted securities Egyptian Stock Exchange application of the standard lease financing no later than September 30, 2019. Therefore, the date shall be the first application in January 1, 2019.

1- The company as lessee according to law 95 for year 1995

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### Initial measurement of lease liability:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

- a. Fixed lease payments less any lease incentives;
- b. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- c. The amount expected to be payable by the lessee under residual value guarantees;
- d. The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- e. Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate

Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

- a. Increase the carrying amount to reflect interest on the lease liability
- b. Reducing the carrying amount to reflect the lease payments made.
- The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
  - The lease term has changed or there is a change in the assessment of exercise of purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the leases payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease

If there is a change in future lease payments resulting from a change in the rate used to determine those payments or a change in the amounts expected to be payable under the residual value guarantee, the lessee must re-measure the lease liability to discount the adjusted lease payments using the same discount rate unless there is a change in lease payments resulting from a change in the variable interest rates, in this case the lessee must use a modified discount rate that reflects changes in the interest rate.

Initial measurement of Right of use assets

The cost of right-of-use assets include:

- The initial measurement of the corresponding lease liability at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate stated in the contract if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional borrowings.
- Lease payments made at or before the start day
- Any initial direct costs
- Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Subsequent measurement of Right of use assets

Right of use assets are subsequently measured at cost less:

- a. Accumulated depreciation and impairment losses.
- b. Any amounts resulting from revaluation of lease liability
- c. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of use asset is depreciated from the commencement date over the useful life of the underlying asset. Other than the previous conditions the depreciation starts at the commencement date of the lease till the end of the useful life of the asset or end of lease contract whichever is earlier.

- d. The Group applies EAS 31 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.
- e. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statement of profit or loss. Currently, the company does not have such variable rents.
- f. The standard permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The company has not used this practical expedient.

**Sale and lease back transactions**

If the transfer of the asset by the "Lessor" seller does not meet the requirements of Egyptian Accounting Standard 48 for accounting for it as a sale of the asset. The seller (the lessee) must continue to recognize the transferred asset and must recognize a financial obligation equal to the transfer proceeds and must account for the financial obligation by applying Egyptian Accounting Standard No. 47.

**S. Government Grants**

The incentives granted by the Central Bank of Egypt "CBE" for the deployment of points of sale devices under the CBE's initiative are recognized and recorded in the statement of profit or loss for the year when the grant amounts are approved by the CBE, in light of the Egyptian Accounting Standard (12) Government Grants, this is the point when the company fulfils all of the procedures for the grant to be eligible and collectable pursuant to the initiative's conditions.

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5- Fixed assets (nkt)

	Note No.	Land	Buildings		Networks and Servers		Point of sales machines		Computers		Furniture & Office equipment		Leasehold Improvements		Vehicles		Tools and Equipment		Fawry Branches		Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Cost</b>																					
As of January 1, 2019 (restated)*	(41)	25 970 500	41 129 500	22 674 045	141 679 732	46 937 555	7 349 461	11 837 369	149 300	641 766	--	--	--	--	--	--	--	--	--	--	298 369 236
Additions during the year		--	--	34 769 344	67 052 967	2 015 682	1 075 361	357 928	--	--	--	--	--	--	--	--	--	--	3 206 435	--	108 557 737
Disposals		--	--	--	(6 041 373)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(6 041 373)
As of December 31, 2019		25 970 500	41 129 500	57 443 389	202 691 346	48 953 247	8 424 822	12 195 297	149 300	641 766	--	--	--	--	--	--	--	--	3 286 435	--	400 885 602
As of January 1, 2020		25 970 500	41 129 500	57 443 389	202 691 346	48 953 247	8 424 822	12 195 298	149 300	641 766	--	--	--	--	--	--	--	--	3 286 435	--	400 885 602
Additions during the year		--	--	1 426 591	119 209 807	4 043 834	708 190	--	--	--	--	--	--	--	--	--	--	--	1 474 916	--	128 863 738
Disposals during the year		--	--	--	(46 967 604)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(46 967 604)
As of December 31, 2020		25 970 500	41 129 500	58 870 380	274 933 549	52 997 081	9 133 012	12 195 298	149 300	641 766	--	--	--	--	--	--	--	--	4 761 351	--	480 781 736
<b>Accumulated depreciation</b>																					
As of January 1, 2019 (restated)*	(41)	--	2 142 162	18 517 780	77 552 873	12 440 840	3 464 233	4 146 870	134 370	621 213	--	--	--	--	--	--	--	--	--	--	119 020 441
Depreciation for the year		--	1 028 238	15 157 939	29 798 293	2 610 223	1 368 681	2 206 882	14 928	20 526	--	--	--	--	--	--	--	--	54 574	--	52 260 284
Depreciation of disposals		--	--	--	(5 237 306)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(5 237 306)
As of December 31, 2020		--	3 170 400	33 675 719	102 113 858	15 051 163	4 832 914	6 353 752	149 298	641 739	--	--	--	--	--	--	--	--	54 574	--	166 043 417
As of January 1, 2020		--	3 170 400	33 675 719	102 113 858	15 051 163	4 832 914	6 353 752	149 298	641 739	--	--	--	--	--	--	--	--	54 574	--	166 043 417
Depreciation for the period		--	1 028 238	9 944 345	41 071 324	11 885 729	1 575 470	2 190 477	--	--	--	--	--	--	--	--	--	--	714 924	--	68 380 507
Depreciation of disposals		--	--	--	(5 638 403)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(5 638 403)
As of December 31, 2020		--	4 498 638	43 620 064	137 546 779	26 906 892	6 408 384	8 544 229	149 298	641 739	--	--	--	--	--	--	--	--	769 498	--	228 785 521
<b>Net book value</b>																					
As of December 31, 2020		25 970 500	36 930 862	15 250 316	137 386 770	26 090 189	2 724 628	3 651 069	2	27	--	--	--	--	--	--	--	--	3 991 853	--	251 996 210
As of January 1, 2019		25 970 500	37 959 100	23 767 670	100 577 418	33 902 084	3 581 908	5 841 545	2	27	--	--	--	--	--	--	--	--	3 231 861	--	234 842 185

On April 11, 2019, the Board of Directors decided to pay the remaining obligations of the lease and then purchase the Smart Village building from the leasing company in accordance with the contract between the two parties, and on April 18, 2019, the remaining obligations of the lease were paid in a total amount of 23 847 047 EGP after the settlement of prepaid rent. Balances on January 1, 2019 was restated according to lease standard No (49) (Note No. (41)).



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**7. Intangible assets – Net**

	<u>Programs’ license</u>	<u>Programs</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b>As of January 1, 2019</b>	<b>19 356 463</b>	<b>118 298 709</b>	<b>137 655 172</b>
Additions during the year	15 536 784	41 719 618	57 256 402
<b>As of January 1, 2020</b>	<b>34 893 247</b>	<b>160 018 327</b>	<b>194 911 574</b>
Additions during the year	3 974 224	62 363 981	66 338 205
<b>As of December 31, 2020</b>	<b>38 867 471</b>	<b>222 382 308</b>	<b>261 249 779</b>
<b><u>Accumulated amortization</u></b>			
<b>As of January 1, 2019</b>	<b>7 183 020</b>	<b>33 998 160</b>	<b>41 181 180</b>
Amortization for the year	3 418 885	11 292 685	14 711 570
<b>As of January 1, 2020</b>	<b>10 601 905</b>	<b>45 290 845</b>	<b>55 892 750</b>
Amortization for the year	4 275 033	17 527 930	21 802 963
<b>As of December 31, 2020</b>	<b>14 876 938</b>	<b>62 818 775</b>	<b>77 695 713</b>
<b><u>Net book value</u></b>			
<b>As of December 31, 2020</b>	<b>23 990 533</b>	<b>159 563 533</b>	<b>183 554 066</b>
<b>As of December 31, 2019</b>	<b>24 291 342</b>	<b>114 727 482</b>	<b>139 018 824</b>

Intangible assets represent the total expenditures paid to design and build the Fawry Technological Platform according to the latest technical specifications and according to the Payment Card Industry Data Security Standards (PCI DSS) compliance, which includes several applications and interrelated systems through which Fawry’s network is integrated with its customers in all sectors, and merchants in several point of sale (POS), and mobile phones through android applications, and also banks. Not to mention the electronic gateways through which Fawry is integrated with several payment channels at banks (ATM, Internet Banking, Mobile Banking), and Fawry applications such as the EBPP Switch, the electronic payment gateways, the mobile wallets, and the mobile banking apps. Additionally, it includes the biller warehouse which manages bills and vouchers from initiation to payment, and the source of fund application which manages the merchants’ balances, development of a gateway application and a complete electronic trading system, and the development of Artificial Intelligence & Data Analytics systems. The expenditures include costs related to adding new features and systems, and increasing the applications’ capacity.

**8. Projects under construction**

	<u>Beginning balance</u>	<u>Additions during the year</u>	<u>Transferred to fixed assets and intangible assets</u>	<u>Ending Balance</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Software and program licenses	2 672 930	5 723 627	(4 226 052)	4 170 505
Servers	5 419 609	11 044 467	(8 745 092)	7 718 984
	<b>8 092 539</b>	<b>16 768 094</b>	<b>(12 971 144)</b>	<b>11 889 489</b>

#### 9. Investment in a subsidiary

The company owns the following investment as follows:

	<u>Holding</u> <u>percentage</u> <u>2020</u> <u>%</u>	<u>December 31,</u> <u>2020</u> <u>EGP</u>	<u>December 31,</u> <u>2019</u> <u>EGP</u>
Fawry Integrated System	99.999%	43 374 000	43 374 000
Fawry Dahab for electronics service	39.11%	488 776	488 776
Fawry Gulf-Free Zone (UAE)	75%	213 667	--
Fawry fast moving consumer goods	50.999%	5 099 990	5 099 990
Fawry For Micro Finance	99.8%	49 985 000	14 985 000
		<u>99 161 433</u>	<u>63 947 766</u>

The company has control over Fawry Dahab Company for E-Services, as the company is the provider of Technology related services, technological infrastructure, technical support and cash collections services, the company has full control over all relevant decisions related to the company activities and is able to influence the returns obtained by the shareholders of Fawry Dahab E-Services Company.

- During 2020 tow ordinary general assemblies of Dahab Electronic Services Company were convened and decided to distribute dividends with total amount of 63 885 229 Egyptian pounds and the company's share in the said declared dividends amounted to 24 985 513 Egyptian pounds.
- On February 18, 2020, the company subscribed in 100% of the capital increase of Fawry for Microfinance, an Egyptian Joint Stock Company, representing (350,000) shares, the Nominal value of the share is EGP 100, which amounted to EGP 35,000,000, and the company's share in the increase was fully paid.
- During the year, the company invested in Fawry Gulf - a limited liability company, with an amount of AED 39,000, which represents 39 shares, 75% of the total shares of the company.

#### 10. Investment in an associate

	<u>Authorized</u> <u>capital</u>	<u>Capital</u> <u>participation</u> <u>%</u>	<u>December 31,</u> <u>2020</u> <u>EGP</u>	<u>December 31,</u> <u>2019</u> <u>EGP</u>
Fawry Plus for banking services	60 000 000	38%	22 800 000	22 800 000
Bosta Technology	14 390 955	16.92%	12 423 230	5 122 260
Tazcara for information technology and electronic booking	10 000	20%	200 000	200 000
			<u>35 423 230</u>	<u>28 122 260</u>

- Investments in associates are accounted for in the separate financial statements at cost. The company's share in associates' profits is recognized in the consolidated financial statements.

Fawry for Banking and Payment Technology Services S.A.E.

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- During the year, the company invested in Bosta Company an amount of 7.3 million Egyptian pounds, which represents 1 037 915 of shares, total number of shares the company owns are 2 434 740 shares, representing 16.92% of the total shares of the investee.

**11. Investment in an joint ventures**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Waffarha.com	2 250 000	2 250 000
	<u>2 250 000</u>	<u>2 250 000</u>

**12. Accounts and notes receivable**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts receivables – from billers and banks	31 698 815	22 522 416
Notes receivable	1 125 212	9 500
	<u>32 824 027</u>	<u>22 531 916</u>

**13. Debtors and other debit balances**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Vendors – advance payment	2 616 920	365 059
Accrued Revenue	15 399 190	2 520 076
Prepaid expenses	9 480 267	7 068 199
Deposits with others	566 200	512 700
Withholding tax	16 543 269	19 305 690
Other debit balances	17 775 603	9 122 456
	<u>62 381 449</u>	<u>38 894 180</u>

**14. Due from related parties**

	<u>Account type</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Bosta Technology	Current account	--	7 300 970
Fawry Fast Moving Consumer goods	Current account	3 553 583	854 705
Fawry for Micro Finance	Current account	287 061	114 855 532
Waffarha	Current account	220 211	303 576
Fawry Brockrage	Current account	874 264	604 746
Tazcara	Current account	1 211 102	698 873
Information Technology and Electronic Booking			
Fawry Plus for Banking Services	Current account	6 279 302	2 026 779
		<u>12 425 523</u>	<u>126 645 181</u>

**Fawry for Banking and Payment Technology Services S.A.E.**

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**15. Loans to related parties**

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Fawry Plus for banking services – Short term	37 602 912	27 816 579
Fawry for microfinance – Long term	190 190 531	--

- On December 10, 2018 the Company signed loan contract with Fawry Plus for Banking Services which was approved by Fawry Plus for Banking Services General Assembly, the loan amount is EGP 14 615 412 and bears variable interest rate determined in light of the lending rate announced by the Central Bank of Egypt, the loan term is for one year starting from the contract date, the loan balance as at December 31, 2018 is EGP 14 615 412.

- On December 10, 2018, the company signed a loan with Fawry Plus for Banking Services, the loan amounted to 9 275,000 Egyptian pounds with interest determined in light of the lending rate announced by the Central Bank of Egypt, in addition to 2.5%. This loan was granted during 2019.

- During the year 2019, another short-term loan was granted to Fawry Plus for Banking Services with interest determined in light of the lending rate announced by the Central Bank of Egypt, the loan balance as of 31 December 2020 amounted to EGP 14 Million.

- On December 29, 2020, the company approved the conversion intercompany receivable balance due from Fawry for MicroFinance Company, with total amount of EGP 122 835 711 based on June 30, 2020 balance into a two year loan, all withdrawals made by Fawry Micro Finance will be capitalized on a monthly basis. The balance of the loan amounted to 190 190 531 Egyptian pounds on December 31, 2020. Interest will be calculated on a monthly basis based on the corridor rate announced by the Central Bank of Egypt starting from 1<sup>st</sup> of January 2020, where the interest due for the year ended December 31, 2020 amounted to 12 879 114 Egyptian pounds.

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**16. Treasury bills**

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
<b><u>Description</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Treasury bills due up to (91) days	--	161 505 653
Treasury bills due after (91) days	538 277 150	53 981 660
<b><u>Add:</u></b>		
Accrued interest - Less than three months	--	1 293 630
Accrued interest - More than three months	16 839 994	855 477
<b><u>Less:</u></b>		
Accrued tax on accrued interest - Less than three months	--	(578 820)
Accrued tax on accrued interest - More than three months	(3 367 899)	(775 028)
<b>Balance</b>	<b><u>551 749 245</u></b>	<b><u>216 282 572</u></b>
<b>Nominal value</b>	<b><u>592 500 000</u></b>	<b><u>223 000 000</u></b>

**17. Cash and cash equivalents**

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash	--	17 219 705
Bank accounts - local currency	119 190 823	211 510 960
E-Acceptance transactions under settlement	18 674 265	19 905 922
Cash at money transfer companies	376 239 906	146 963 287
Bank accounts - foreign currencies	4 848 411	6 319 703
Time deposit - local currencies	90 074 795	10 021 918
Time deposit - foreign currencies	7 957 107	16 103 710
<b>Cash and cash at banks</b>	<b><u>616 985 307</u></b>	<b><u>428 045 205</u></b>

For the purpose of preparing cash flow statement, the cash and cash equivalents are comprised of the following:

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash and bank balances	616 985 307	428 045 205
Treasury bills - less than 3 months	--	162 220 463
	<b><u>616 985 307</u></b>	<b><u>590 265 668</u></b>

**Fawry for Banking and Payment Technology Services S.A.E.****Notes to the Separate Financial Statements****For the Year Ended December 31, 2020****18. Capital**

The company's authorized capital amounted to EGP 500 million, and the issued and paid-up capital amounted to EGP 353 652 060 million, divided among 35 365 206 shares of par value EGP 10 each.

On March 28, 2019 the extraordinary general assembly decided to divide the share into 20 shares, so that the nominal value of the share becomes 0.5 EGP after dividing the share. And the number of shares after division 707 304 120 shares. The commercial register was updated on June 10, 2019.

**19. Legal reserve**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance	32 465 079	28 905 446
Transferred from prior year net profit	5 334 233	3 559 633
	<u>37 799 312</u>	<u>32 465 079</u>

**20. Banks Credit Facilities**

- On April 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 80 million EGP at the prevailing market rates, The credit facility will be used for the payment of the advances to billers (Telecommunication companies), the duration of the credit facility starts from April 7, 2020 to February 28, 2021 and the balance reached 79 983 552 Egyptian pounds on December 31, 2020 (December 31, 2019 : Nil).

- On June 15, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 100 million EGP at the prevailing market rates, the duration of the credit facility starts from June 15, 2020, and the balance reached 94 million Egyptian pounds on December 31, 2020 (December 31, 2019: Nil).

- On August 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 50 million EGP at the prevailing market rates, and the balance on December 31, 2020 reached 49 million Egyptian pounds (December 31, 2019: Nil).

**21. Provisions**

	<u>Balance at</u> <u>January 1, 2020</u>	<u>Formed during</u> <u>the year</u>	<u>Balance at</u> <u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	18 462 142	2 040 000	20 502 142
	<u>18 462 142</u>	<u>2 040 000</u>	<u>20 502 142</u>

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**22. Accounts and notes payable**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	27 046 581	14 157 557
Notes Payable	1 728 781	2 654 865
	<u>28 775 362</u>	<u>16 812 422</u>

**23. Accounts payable – Billers**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payables - billers	630 187 367	322 148 856
Notes payables - billers	140 066 051	115 219 195
	<u>770 253 418</u>	<u>437 368 051</u>

**24. Creditors and other credit balances**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	24 059 177	18 666 755
Accrued commissions	33 806 311	23 635 261
Tax Authority	33 103 000	26 318 249
Unearned revenue	2 776 749	2 662 009
Health Insurance contribution	2 528 917	1 904 886
Transactions Under settlement	7 955 177	6 653 138
Other credit balances	4 323 823	4 549 635
	<u>108 553 154</u>	<u>84 389 933</u>

**25. Due to related party**

	<u>Nature of relationship</u>	<u>Account type</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Integrated System	Subsidiary	Current account	57 381 002	59 084 695
Fawry Dahab Technology	Subsidiary	Current account	36 854 695	35 273 258
			<u>94 235 697</u>	<u>94 357 953</u>



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**26. Contingent liabilities**

- The amount represents letters of guarantee issued by banks in favor of third parties.

<u>Description</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	826 744 625	485 604 625
	<u>826 744 625</u>	<u>485 604 625</u>

Credit facilities to issue letters of guarantee reached EGPM 911.5 as of December 31, 2020, where the utilized amounts from the said facilities reached EGPM 826.

**27. Operating revenues**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Transaction services revenue - collection fees	840 843 948	648 731 368
Other revenues	65 523 718	44 306 864
	<u>906 367 666</u>	<u>693 038 232</u>

The total throughput from Electronic Top Up and bill payment transactions for the billers through the Group's various payments channels (i.e. the Group points of sales, banks' ATM machines, mobile devices, outlets of Egypt Post Offices and E-banking), is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Total throughput	81 037 393 309	53 400 160 479
	<u>81 037 393 309</u>	<u>53 400 160 479</u>

**28. Operating costs**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Merchants' fees	263 139 548	210 139 548
Banks' fees	16 348 731	14 993 818
Depreciation and amortization	31 552 310	20 523 990
Cash collection cost	79 276 203	61 987 077
Others	5 929 355	7 525 857
	<u>396 246 147</u>	<u>315 170 290</u>

**29. Finance costs**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Debit interest	7 681 429	7 778 678
Letter of guarantees' bank charges	7 976 157	5 530 419
	<u>15 657 586</u>	<u>13 309 097</u>

**Fawry for Banking and Payment Technology Services S.A.E.**

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**For the Year Ended December 31, 2020**

**30. Depreciation and Amortization**

Depreciation and amortization had been classified as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	31 552 310	20 523 990
General and administrative Expenses	58 631 160	46 487 280
	<u>90 183 470</u>	<u>67 011 270</u>

**31. Credit Interest**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts	4 950 036	22 001 834
Credit interest - treasury bills	55 162 843	26 324 567
Credit interest - time deposits	616 053	1 706 101
Credit interest - loans to related party	16 717 019	3 441 306
	<u>77 445 951</u>	<u>53 473 808</u>

**32. Significant related parties' transactions**

The outstanding balances of Due to and from related parties have been disclosed in Note No. (14) and (25) which also include the nature of the relationship with each related party as well as the nature of the account. Transactions that took place during the financial year on current accounts represent expenses paid on behalf of the company or what the company paid for on behalf of the related parties in addition to the transfer of balances between the related parties (if any). The transactions recorded in the current accounts - which are essentially transfers to and from the company - are of short-term nature

The following are significant related parties' transactions:

	<u>Nature of the Transaction</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Fawry Dahab for Electronics Services	Revenue collection on behalf of related party	(303 729 338)	(201 842 510)
	Payments on behalf of related party	167 166 032	111 021 591
	Electronic Payment services revenue	52 071 197	30 284 363
	Dividends	26 271 605	6 743 761
Fawry for Integrated Systems	Program acquisition from related party	(53 085 695)	(36 684 814)
	POS machine acquisition	(119 209 756)	(61 101 881)
Fawry Micro Finance	Capital increase	35 000 000	7 500 000
	Loans to related parties	190 190 531	--
	Credit Interest	12 879 114	--
Fawry Plus for Banking Services	Revenue collection on behalf of related party	(49 735 677)	(29 164 052)
	Credit interest	3 837 905	3 531 255
	Expenses on behalf of the company	(2 006 400)	(2 365 920)
	Loans to related party	10 000 000	27 816 579

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**33. Deferred tax**

	Balance at January 1, 2020	Charged to P&L	Balance at December 31, 2020
Depreciation & Amortization Differences	(3 998 187)	(2 091 262)	(6 089 449)
Effect of the Initial application of EAS 49	(4 085 192)	--	(4 085 192)
<b>Deferred tax Liabilities</b>	<b>(8 083 379)</b>	<b>(2 091 262)</b>	<b>(10 174 641)</b>

**34. Analysis of operating costs and expenses by nature of expense**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Merchant's and bank commissions	279 488 279	225 039 768
Other costs	5 929 256	7 619 455
Selling and marketing commissions	71 589 419	37 045 567
Depreciation and amortization	90 183 470	67 011 268
Cost of cash collections	79 276 203	61 987 077
Salaries and wages	114 168 045	81 037 706
Social Insurance	10 094 458	10 918 448
Technical support and service centers	36 950 014	36 886 397
Rent expenses	1 866 710	1 364 012
Selling and marketing expenses	29 506 734	22 328 018
Bank charges	7 976 157	5 530 418
Credit interest	7 681 429	7 778 678
Insurance expenses	9 147 619	8 067 308
Headquarters expenses	4 692 936	6 609 781
Training and Human resource expenses	2 811 481	2 376 378
Professional fees	4 156 199	1 733 199
Other Expenses	40 878 083	34 375 177
	<b>796 396 592</b>	<b>617 708 655</b>
Operating costs	396 246 147	315 170 290
General and administrative expenses	191 961 101	166 185 726
Selling and marketing expenses	192 531 758	123 043 542
Finance expenses	15 657 586	13 309 097
	<b>796 396 592</b>	<b>617 708 655</b>

### 35. Earnings per share

Earnings per share is calculated by dividing the net profit by the weighted average of the shares outstanding during the year.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP**</u>
Net profit of the year	186 594 594	106 684 666
Less: Employees Dividends*	(15 700 000)	(9 600 000)
Net profit after dividends	170 894 594	97 084 666
Average number of shares	707 304 120	707 304 120
<b>Earnings per share**</b>	<b>0.24</b>	<b>0.14</b>

\* For the purposes of calculating the earnings per share of the fiscal year ending on December 31, 2020, the proposed employees' dividends proposed by the board of directors has been deducted, the proposed dividend will be presented to the Company's general assembly for approval.

\*\* Earnings per share for the comparative year has been adjusted for the amount of employee dividends declared in the current year related to last year.

### 36. Legal Position

During the third quarter of 2019, a company filed a lawsuit against Fawry Banking and Payment Technology Services "the Company" claiming an amount of EGP 30 million under a contract covering the period from year 2015 to 30 June 2019 in addition to the legal accrued interest on the said amount. No transactions took place under the aforementioned contract, the company and the company's external legal advisor opinion regarding the outcome of this case that it will be in favor of the Company without any financial liabilities on the company in relation to this case.

### 37. Tax position

The company's profits are subject to tax on the profits of legal persons in accordance with the provisions of the Income Tax Law No. 91 of 2005, its implementing regulations, and its amendments

#### a. Corporate tax

The company submits the tax return prepared in accordance with the provisions of Law 91 of 2005 on legal dates.

#### The period from 2009 until 2012

- The Company was inspected and any difference settled.

#### The period from 2013 until 31 December 2014

The company has been notified of a request for an estimated evaluation of the aforementioned years, and it has been appealed against at the legal dates, and the company's books are being examined on an actual basis.

**The period from 2015 until 31 December 2017**

The company has been notified of a request for an estimated evaluation of the aforementioned years, and it has been appealed against at the legal dates, and the company's books are being examined on an actual basis.

**The period from 2018 until 31 December 2019**

The books and records of the company have not yet been examined by the tax authority for the aforementioned years, and the company has not received any tax claims or notifications of requesting examination of those years.

**b. Salaries tax**

**The period from inception until December 31, 2016**

- The Company was inspected and any difference settled.

**The year 2017 until December 31, 2019**

- The company's records have not been tax inspected for the mentioned period yet.

**c. Stamp duty tax**

**The period from inception until December 31, 2014**

- The company's records has been tax inspected from the date of incorporation till 2014.

**The period from 2015 until December 31, 2019**

- The company's records have not been tax inspected yet.

**d. Sales tax / VAT tax**

**The period from inception until December 31, 2014**

- The company's records has been tax inspected from the date of incorporation till 2014.

**The period from 2015 until December 31, 2017**

- Under examination and the company has not received any claims regarding the results of this examination.

**The period from 2018 until December 31, 2019**

- The company's records have not been tax inspected yet.

**e. Withholding tax**

- The company's records have not been tax inspected yet.

**38. Financial instruments and managed related risk**

**Categories of most significant financial instruments**

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>Financial assets</b>		
Cash and cash equivalents	616 985 307	428 045 205
Loans and receivables	692 210 876	391 515 237
Available for sale investments	551 749 245	216 282 572
<b>Financial liabilities</b>		
Liabilities at amortized cost	1 607 847 362	863 622 207

### **Capital risk management**

The Company manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.

The capital structure of the Company consists of the capital paid by shareholders plus retained earnings. The Company reviews the capital structure of the Company regularly. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.

### **Financial risks factors**

The company monitors and manages financial risks relating to its operations through analyzing the degree and magnitude of risk exposure. These risks include credit risk and liquidity risk. The company's overall risk management program focuses on managing the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

### **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations on due dates resulting in financial loss to the company. This risk is insignificant as the company applies policies to guarantee dealing with clients of high credit worthiness and good reputation, and performs a continuous monitoring of debtors in order to minimize credit risk to the minimal rate. The company's management collects cash in advance from the merchants, who represent the major portion of the transactions volume. Also, the bank current accounts are held at banks with high credit ratings.

The company reviews this risk, and submits reports regularly to the senior management.

The maximum credit risk is analyzed as follows:

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cash and cash equivalents	616 985 307	428 045 205
Treasury bills	551 749 245	216 282 572
Accounts and notes receivable	32 824 027	22 531 916
Debtors and other debit balances	62 381 449	38 894 180
Due from related parties	12 425 523	126 645 181
Loans to related parties	37 602 912	27 816 579
Advances to billers	385 426 890	202 366 328
<b>Total</b>	<b><u>1 699 395 353</u></b>	<b><u>1 062 581 961</u></b>

### **Liquidity risk**

Ultimate responsibility for liquidity risk rests with the company's management, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company's management continuously monitors the forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

Analysis of contractual maturity for financial liabilities:

	Less than one year	Total
	EGP	EGP
<b>31 December 2020</b>		
Non-interest bearing	1 667 174 012	1 667 174 012
Interest bearing	222 983 552	222 983 552
	<b>1 890 157 564</b>	<b>1 890 157 564</b>
<b>31 December 2019</b>		
Non-interest bearing	917 688 406	917 688 406
	<b>917 688 406</b>	<b>917 688 406</b>

**Foreign currency risk**

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from translation of monetary assets and liabilities in foreign currencies. The company monitors foreign currency balances and prevailing exchange rates, and continuously minimizes deficit in foreign currency position, if any. Except for bank accounts in foreign currencies, most of the Company's assets and liabilities are denominated in Egyptian Pound, which minimize exposure to foreign currency risk.

**Interest rate risk:**

Interest rate risk represents fluctuations in interest rate which may have a negative impact on the results of operations and cash flows, management continuously monitors the changes in interest rates in the market. Interest rate risk is considered insignificant since the company does not has facilities with variable interest rates.

**39. Significant Events during the year**

During the first quarter of 2020, the world was exposed to the spread of the Corona virus emerging (COVID-19), as this virus was characterized by its rapid spread in the countries of the world, until the World Health Organization declared a health emergency, on January 30, 2020, and the declaration of the virus as a global epidemic on March 11, 2020. The spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets and the volume of global trade.

On March 19, 2020, international air traffic was suspended, and on March 25, 2020. The Egyptian government imposed a curfew for a period of two weeks and renewed it for another two weeks, which negatively affected the Egyptian economy in general.

On April 8, 2020 - The Egyptian government officially announced that it would prohibit the movement of citizens, in all parts of the republic, on all roads from eight o'clock in the evening until six o'clock in the morning; An exception is made from the application of the provision of the first article of this decision, which is related to curfews, the service of operators of the international information network and communication networks, electronic applications and ATM cards, and all services for food, beverages and merchandise delivery to customers, whether the request is through electronic or other applications, and workers in any of these activities are excluded, while adhering to all applicable health precautions.



On June 23, 2020 the Egyptian government officially announced the abolition of the curfew with the imposition of precautionary measures and the reopening of restaurants and cafes as of Saturday, 27 June 2020 with maximum allowed capacity of 25%, the closure of shops and malls from nine in the evening instead of the sixth and the closure of restaurants and cafes at ten in the evening and the continued closure of gardens, parks and beaches, the continuation of the public transportation working hours until the midnight and the reopening of theaters and cinemas with a maximum allowed capacity of 25%.

The company has conducted a study with a view to assess the potential risks related to the company's ability to provide electronic payment services through the multiple payment channels that the company provides, human resources, in order to ensure the company's activities continue without interruption. This assessment also covered its micro finance business conducted through its subsidiary. Management concluded that there is no material negative impact on its business and activities, the first half of the current fiscal year witnessed an increase in demand for electronic payment services, in light of the measures taken by the Egyptian government and the Central Bank of Egypt to encourage the use of various electronic payment methods, and this was reflected in the increase in the company's revenues in the first half of this year.

The administration is closely monitoring the situation and continuously evaluating its impact on the company's activities in anticipation of any developments that may result in negative effects of this pandemic, enabling the company to amend the plans necessary to meet potential negative impacts, if any.

During the fiscal year, the Company's subsidiary also provided payment holidays to some borrowers represented in postponing the payment of instalments of outstanding debts in light of the Financial Regulatory Authority's initiatives. These procedures related to postponing the payment did not have a material impact on the statements at the end of this year or in the subsequent period.

The continuous and accelerating changes associated with that pandemic still impose a state of uncertainty and the inability to accurately predict due to the continuing economic repercussions of the Coronavirus crisis.

In this regard, management conducted a study for the purpose of assessing the potential risks related to the Company's ability to provide its services through its multiple products and its impact on the group's activities as a whole, human resources, in order to ensure the continuation of the group's activities without interruption. The study includes the following elements:

- The risk of impairment in investments.
- Collection risks related to microfinance, debit balances and related parties on their maturity dates.
- Liquidity risk related to settlement of obligations towards creditors, billers and merchants.
- The company's management concluded that it is not expected that a material negative impact will occur on its business and activities. The administration is closely following up on the situation and continuously evaluating its impact on the company's activities in anticipation of any developments that may affect negatively by this pandemic, that enabling the company to adjust the necessary plans to face the potential negative effects, if any.

- On May 31, 2020, the Ordinary General Assembly decided to distribute an amount of 9.6 million Egyptian pounds to employees and distribute profits of 100 million Egyptian pounds to shareholders in the form of bonus shares.

The Board of Directors of Fawry for Banking Technology and Electronic Payments SAE, held on November 3, 2020, decided the following:

- Increasing the company's authorized capital from 500 million Egyptian pounds to one billion Egyptian pounds.
- Increase the company's issued capital with free shares financed from retained earnings for the benefit of old shareholders from the amount of 353 652 060 Egyptian pounds (three hundred and fifty three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed over 707 304 120 shares (seven hundred and seven million three hundred and four thousand and one hundred Twenty shares) to an amount of 453 652 652 060 Egyptian pounds (four hundred fifty-three million six hundred fifty-two thousand sixty Egyptian pounds) distributed into 907 304 120 shares (nine hundred seven million three hundred and four thousand one hundred twenty shares), an increase of 100,000,000 Egyptian pounds (One hundred million Egyptian pounds) divided into 200,000,000 shares (two hundred million shares) at a rate of 0.28276 free shares for each original share and the value of each share is 0.5 pounds, which represents the Nominal value of the share
- Increasing the issued capital by a cash increase to be paid in cash for the benefit of old shareholders from 453 652 060 Egyptian pounds (four hundred fifty-three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed over 907 304 120 shares (nine hundred and seven million three hundred and four thousand one hundred and twenty shares) To 853 652 060 Egyptian pounds (eight hundred fifty-three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed into 1 707 304 120 shares (one billion seven hundred seven million three hundred and four thousand one hundred twenty shares), an increase of 400 000 000 Egyptian pounds (four hundred One million Egyptian pounds) divided into 800,000,000 shares (eight hundred million shares), the value of each share is 0.5 pounds, which represents the face value of the share and the proposal to trade in priority rights in the subscription separately from the original share, provided that the value of the increase in the company's issued capital is paid in cash each According to the percentage of his contribution to the company's capital

Provided that the cash increase procedures are not started until after the free shares related increase procedures are completed.

#### **40. Subsequent events**

- On February 23, 2021, the company's board of directors decided to delegate the CEO and managing director of the company to negotiate with some shareholders of Fawry Plus for Banking Services. S.A.E to acquire their full shares in Fawry Plus for banking services.
- On January 28, 2021, the Board of Directors of the company decided to approve the subscription in the entire capital increase of Fawry Plus for Banking Services - an Egyptian joint stock company with a maximum of 35 million Egyptian pounds and delegating the CEO and managing director of the company to take all necessary procedures for this.
- On February 23, 2021, the company's general assembly approved to implement a reward and incentive system for employees, managers and executive board members of the company through the promise to allocate shares and / or grant free shares and authorize the Chairman of the Board of Directors and / or the CEO and the managing director of the company to take all necessary Procedures for this

#### **41. The effect of the initial application of EAS 49 (Lease Contracts)**

Some opening balances in the financial statements as of January 1, 2019 have been adjusted to reflect the effect of the initial application of EAS (49) "Lease contracts". On the contracts that are subject to Law no. 95 for the year 1992 which were previously treated in accordance with EAS no. 20 only.

The following is a summary of the effect on the previously issued financial statements for the balances on January 1, 2019:

EGP	Before Adjustment January 1, 2019	After adjustment January 1, 2019	Adjustment effect
<b>Statement of financial position</b>			
Fixed assets (Net)	114 390 958	179 348 797	64 957 839
Prepaid rent expense - Finance lease.	21 014 396	--	(21 014 396)
Retained earnings	54 155 406	68 619 251	(14 463 845)
Finance lease liabilities	--	25 394 406	(25 394 406)
Deferred tax liabilities	1 695 724	5 780 916	(4 085 192)

**42. Incentives related to the Central Bank of Egypt's initiative**

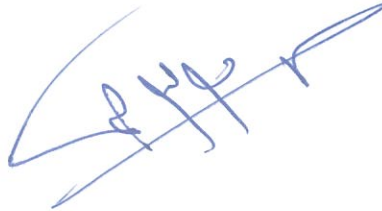
During the fiscal year, the Company entered into agreements with some Egyptian banks with the aim of cooperating in purchasing, deploying and managing points of sale under the Central Bank of Egypt 's initiative to promote for the use and acceptance of electronic payments which was issued during May 2020, the aforementioned initiative included the disbursement of an incentive for each electronic point of sale installed according to the type of machine and its geographical location.

The total incentive included in the profit or loss that the company obtained in exchange for deploying and installing points of sale under that initiative was an amount of 54 989 492 EGP, while the cost of purchasing the POS equipment amounted to 35 357 360 EGP which were derecognized from fixed assets (note 6).

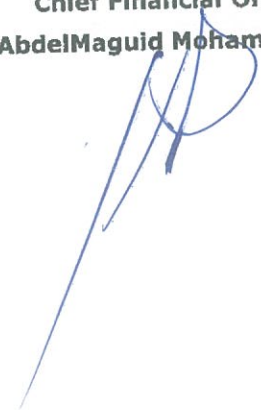
**Chairman**  
**Saifullah Coutry Saadi**



**Chief Executive Officer**  
**Ashraf Kamel Mousa Sabry**



**Chief Financial Officer**  
**AbdelMaguid Mohamed Afifi**



M.A

